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Implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and strengthening of the United Nations Human Settlements Programme (UN-Habitat)

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Report of the Secretary-General

Summary

The present report is submitted pursuant to paragraph 14 of General Assembly resolution 65/165. It describes the activities of the United Nations Human Settlements Programme (UN-Habitat) over the past year in implementing the outcome of the second United Nations Conference on Human Settlements (Habitat II) and the strengthening of UN-Habitat.

More specifically, the report also provides an overview of the outcomes of the twenty-third session of the Governing Council of UN-Habitat that relate to policy. In addition to reviewing progress in the implementation of the medium-term strategic and institutional plan for 2008-2013 and approving the programme budget for 2012-2013, the Governing Council adopted resolutions on a number of subjects, including (a) a third United Nations conference on housing and sustainable urban development; (b) a review of the governance of UN-Habitat; (c) global and national strategies and frameworks for improving the lives of slum-dwellers beyond the Millennium Development Goals target; (d) sustainable urban development through expanding equitable access to land, housing, basic services and infrastructure, including the contribution of the Governing Council to the United Nations Conference on Sustainable Development in 2012; and (e) future activities of the United Nations Human Settlements Programme in urban economy and financial mechanisms for urban upgrading, housing and basic services for the urban poor.

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The report also contains a review of progress made in the implementation of a number of programmatic components of the Habitat Agenda and other issues highlighted in General Assembly resolution 65/165, including a midterm review of the medium-term strategic and institutional plan for the period 2008-2013, slum upgrading, guidelines on decentralization and strengthening of local authorities, cities and climate change, post-disaster and post-conflict reconstruction, financial and budgetary matters, flagship reports, regional ministerial meetings, and organizational and programmatic reforms.

I. Introduction

1. The present report is submitted pursuant to paragraph 14 of General Assembly resolution 65/165 on implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and the strengthening of the United Nations Human Settlements Programme (UN-Habitat) and is divided into five sections. The first section reports on the main resolutions of the twenty-third session of the Governing Council of UN-Habitat, the second section reports on progress in implementing the substantive work of UN-Habitat, the third section addresses budgetary and financial issues, the fourth section summarizes other significant developments that have occurred during the reporting period, and the final section contains conclusions and recommendations.

II. Action taken at the twenty-third session of the Governing Council of the United Nations Human Settlements Programme

2. The twenty-third session of the Governing Council of the United Nations Human Settlements Programme (UN-Habitat) was held in Nairobi from 11 to 15 April 2011, with the special theme "Sustainable urban development through expanding equitable access to land, housing, basic services and infrastructure".

3. Among the most important actions taken by the Governing Council was the review of progress made in the implementation of the medium-term strategic and institutional plan for the period 2008-2013 and the approval of the work programme and budget of UN-Habitat for the biennium 2012-2013. In addition, the Governing Council held discussions and adopted resolutions on the following issues: (a) a third United Nations conference on housing and sustainable urban development; (b) a review of the governance of UN-Habitat; (c) global and national strategies and frameworks for improving the lives of slum-dwellers beyond the Millennium Development Goals target; (d) sustainable urban development through expanding equitable access to land, housing, basic services and infrastructure, including the contribution of the Governing Council to the United Nations Conference on Sustainable Development in 2012; and (e) future activities by the United Nations Human Settlements Programme in urban economy and financial mechanisms for urban upgrading, housing and basic services for the urban poor, including recommendations on the future of the experimental reimbursable seeding operations.

A. Third United Nations conference on housing and sustainable urban development

4. The convening of a third United Nations conference on housing and sustainable urban development (Habitat III) in 2016 was among the most important issues discussed by the Governing Council of UN-Habitat at its twenty-third session.

5. In follow-up to resolution 22/1, adopted by the Governing Council of UN-Habitat at its twenty-second session, the Secretary-General, in his report presented to the sixty-fourth session of the General Assembly on the implementation

of the outcome of Habitat II and the strengthening of UN-Habitat (A/64/260), invited the General Assembly to consider convening in 2016 a third United Nations conference on housing and sustainable urban development (Habitat III).

6. In response, the General Assembly, by its resolution 64/207, took note of the recommendation made by the Governing Council in its resolution 22/1 and requested the Secretary-General to prepare a report on this question, in collaboration with the Governing Council of UN-Habitat, for consideration by the General Assembly at its sixty-sixth session. In follow-up to this request, the Executive Director of UN-Habitat prepared a draft report (HSP/GC/23/2/Add.4) for consideration by the Governing Council at its twenty-third session in April 2011.

7. The report makes a case for holding the conference by examining key developments since the second United Nations Conference on Human Settlements, held in Istanbul, Turkey, from 3 to 14 June 1996. These new developments include:

(a) The increasing demographic and economic dominance of cities, now home to more than half of the world's population, and their enhanced role as economic agents both nationally and globally;

(b) The rapid spatial expansion of urban settlements, resulting in mega-cities and large metropolitan regions and urban corridors;

(c) The emergence of new global issues, forces and concerns, including globalization, sustainable urban development, climate change, urban safety and security, and increasing urban poverty;

(d) The changing roles of the public, private and non-governmental sectors, as part of the shift from enabling and deregulation policies towards a renewed emphasis on public policy and management, including reformed urban planning;

(e) The significantly increased frequency and intensity of natural and human-made disasters and their impact on the urban population.

8. Following its consideration of the draft report, the Governing Council adopted resolution 23/8 on a third United Nations conference on housing and sustainable development, by which it took note of the report of the Executive Director and invited the Secretary-General to include the ideas and proposals set forth therein in his report to be considered by the General Assembly at its sixty sixth session. These ideas included, in particular, the following proposed aims of a third United Nations conference on housing and sustainable urban development: (a) to review past policies, achievements and obstacles; (b) to put in place a new urban development agenda capable of responding to the new urban challenges and opportunities, such as climate change and urban safety and security, in addition to advancing a new role for cities and local authorities; and (c) to find ways of strengthening the institutional framework for land governance, housing and sustainable urban development.

9. The Governing Council has submitted the report to the Secretary-General as its input to his report requested in General Assembly resolution 64/207.

B. Governance review

10. In its resolution 22/5 on governance of the United Nations Human Settlements Programme, the Governing Council of UN-Habitat requested "the Executive

Director and the Committee of Permanent Representatives to undertake jointly, within the work programme and budget, an examination of the governance of the United Nations Human Settlements Programme with a view to identifying and implementing ways to improve the transparency, accountability, efficiency and effectiveness of the functioning of the existing governance structure and to identify options for any other potential relevant changes for consideration by the Governing Council at its twenty-third session".

11. Pursuant to this resolution, phase I of the governance review of UN-Habitat focused on preparation of the terms of reference for the review. The terms of reference were drawn up by a joint group of the Committee of Permanent Representatives and the UN-Habitat secretariat in June 2009. In line with the terms of reference, a structure for the review was established. This comprised an open-ended contact group, a regionally balanced implementation team and seven assessment teams with equal representation from the Committee and the secretariat. Both the implementation team and the assessment teams began work in September 2009.

12. Phase II, which began in January 2010, focused on improvement in the governance of UN-Habitat in Nairobi, i.e., on actions that could be implemented by the secretariat with the approval of the Committee of Permanent Representatives, but without reference to United Nations Headquarters. Following a visioning workshop, research by the seven assessment teams and a series of meetings of the implementation team, a list of 29 "quick wins" was proposed. The list was approved by the Committee of Permanent Representatives on 15 September 2010.

13. Phase III commenced with an implementation team workshop in early November 2010. It focused on improvement in the governance of UN-Habitat within the wider United Nations system, especially its governance relationship with the General Assembly, the Secretariat, the Economic and Social Council, the Advisory Committee on Administrative and Budgetary Questions and the Committee for Programme and Coordination. A further list of proposed medium- and long-term "wins" was presented to and approved by the Committee of Permanent Representatives at its meeting on 16 December 2010.

14. Phase IV of the review involved preparation of a report analysing the options available for structural reform of the governance of UN-HABITAT. The details of the outcome of all phases of the review were presented to the Governing Council of UN-Habitat at its twenty-third session.

15. Four new options, in addition to keeping the current situation baseline, were put forward for consideration by the Governing Council. These were:

(a) Introducing annual Governing Council meetings;

(b) Introducing annual Governing Council meetings plus an enlarged membership of the Council;

(c) Establishing an Executive Board to replace the Governing Council;

(d) Establishing a hybrid governance structure along the lines of that of the United Nations Entity for Gender Equality and the Empowerment of Women.

16. The Governing Council duly considered the report and passed resolution 23/13 entitled "Governance of the United Nations Human Settlements Programme". In

brief, the resolution requested the Executive Director, jointly with the Committee of Permanent Representatives:

(a) To further examine the options for reform and develop a preferred option;

(b) To develop procedures for the examination phase;

(c) To seek consensus on the identified option;

(d) To develop an action plan for pursuing the preferred option.

17. In addition, the Governing Council mandated the Committee of Permanent Representatives to approve the action plan and to present it, if possible, to the General Assembly at its sixty-seventh session. To carry out this remaining work, a new body, an open-ended consultative group, was set up in June 2011. This is a joint body of the Committee of Permanent Representatives and the secretariat in which each regional group of the Committee is represented by two permanent members.

C. Global and national strategies and frameworks for improving the lives of slum-dwellers beyond the Millennium Development Goals target

18. The UN-Habitat report, *State of the World's Cities 2010/2011 — Cities for All: Bridging the Urban Divide*, shows that between 2000 and 2010, the lives of 227 million slum-dwellers were improved. However, this achievement was not uniformly distributed across regions. The more advanced developing countries made better progress than the poorer developing countries.

19. The report further states that the Millennium Development Goals target of improving the lives of at least 100 million slum-dwellers by 2020 has been exceeded by 100 million. This is 10 years before the target date. In spite of this, not a single developing country has succeeded in reducing its slum population by 50 per cent. In fact, 828 million people still live in urban slums. Current predictions suggest that between now and 2020 the total number of slum-dwellers in the world will increase by 60 million.

20. It was against this background that Heads of State and Government at the High-level Plenary Meeting of the sixty-fifth session of the General Assembly on the Millennium Development Goals committed themselves to continue working towards cities without slums, beyond current targets, by reducing slum populations and improving the lives of slum-dwellers, as outlined in paragraph 77 (k) of the outcome document of the Meeting (see General Assembly resolution 65/1). Subsequently, the General Assembly, in paragraph 4 of its resolution 65/165, invited the Governing Council of UN-Habitat to consider appropriate global and national strategies and frameworks for future work required to achieve a significant improvement in the lives of slum-dwellers beyond the current slum-related targets.

21. In response, the UN-Habitat Governing Council, at its twenty-third session, adopted resolution 23/9, entitled "Global and national strategies and frameworks for improving the lives of slum-dwellers beyond the Millennium Development Goals target", by which it invited Governments and regional and local authorities to enumerate the slum populations in their countries, regions and urban areas and, on

that basis, to set voluntary and realistic national, regional and local targets, to be attained by 2020, with regard to improving significantly the lives of slum-dwellers. The principal means for achieving these targets would be:

(a) The formulation and implementation of national urban development strategies that prioritize improved access to adequate housing and basic services and infrastructure for slum-dwellers, including improved water and sanitation, transport, energy, health and education;

(b) Promotion of access to affordable land with secure tenure;

(c) Creation of the conditions necessary for sustainable urban livelihoods;

(d) Promotion of sustainable urban development and the participation of all stakeholders, in particular slum-dwellers

22. UN-Habitat is now in the process of developing, in consultation with Governments, an action plan for the global implementation of this resolution during the next decade.

D. Sustainable urban development through expanding equitable access to land, housing, basic services and infrastructure

23. Given that more than half of humanity now lives in urban areas, sustainable development is increasingly becoming synonymous with sustainable urbanization. In recognition of this, the Governing Council of UN-Habitat adopted, as the special theme for its twenty-third session, the topic of sustainable urban development through expanding equitable access to land, housing, basic services and infrastructure. The secretariat prepared a report to facilitate dialogue at the high-level segment of the twenty-third session of the Council. The aim of the report was to stimulate debate between Governments, local authorities and other Habitat Agenda partners on how to provide an effective response to contemporary urban challenges, with the following objectives in mind:

(a) To enable the Governing Council to adopt a position on sustainable urban development as its contribution to the United Nations Conference on Sustainable Development in 2012;

(b) To develop strategic responses to sustainable urban development challenges, building on the recommendations of the Habitat Agenda, the Millennium Development Goals, the Plan of Implementation of the Word Summit on sustainable Development (Johannesburg Plan of Implementation), and the outcomes of the High-level Plenary Meetings of the sixtieth and sixty-fifth sessions of the General Assembly;

(c) To encourage Governments and Habitat Agenda partners at the international, national and local levels to commit themselves to expanding equitable access to land, housing, basic services and infrastructure, within a framework of sustainable urban development.

24. While the report focused on cities in developing countries, many of its observations and recommendations with regard to the issues of land, housing, basic services and infrastructure within the context of sustainable urban development, urban poverty, the green economy and the institutional framework for sustainable

urban development, are of global relevance, as these issues represent major challenges for many urban areas in developed countries and countries with economies in transition.

25. At its twenty-third session, the Governing Council adopted resolution 23/17 on sustainable urban development through expanding equitable access to land, housing, basic services and infrastructure, by which it welcomed the dialogue on this topic held during the twenty-third session of the Governing Council as a contribution to the United Nations Conference on Sustainable Development in 2012 and requested the Executive Director to ensure transmission, through the President of the Governing Council, of the results of the dialogue to the Bureau of the Conference.

26. By the same resolution, the Governing Council further encouraged Governments and Habitat Agenda partners, among other things:

(a) To include the issue of sustainable urban development in their contributions to the preparatory process for the United Nations Conference on Sustainable Development in 2012;

(b) To develop strategic responses to the problems of sustainable urban development, building on the recommendations of the Habitat Agenda, the Millennium Development Goals, the 2005 World Summit Outcome, the Johannesburg Plan of Implementation and the outcome of the high-level plenary meetings of the sixtieth and sixty-fifth sessions of the General Assembly;

(c) To mobilize the commitment of Governments and Habitat Agenda partners at the international, national and local levels to promote decentralization and improve urban governance to ensure expanded equitable access to land, housing, basic services and infrastructure.

E. Future activities by the United Nations Human Settlements Programme in urban economy and financial mechanisms for urban upgrading, housing and basic services for the urban poor

27. In 2007 the Governing Council, in its resolution 21/10, requested the Executive Director to establish a trust fund within the United Nations Habitat and Human Settlements Foundation to support the introduction of experimental reimbursable seeding operations for the financing of housing, infrastructure and slum upgrading for the urban poor and to field test those operations for four years. The Executive Director was also requested to carry out an evaluation at the end of the four years.

28. The experimental reimbursable seeding operations used a catalytic investment approach in order to integrate market-based solutions with community-led efforts and government inputs as the most effective way to address inadequate housing, water and sanitation. Significant progress was made through the seeding operations programme, and five loans with a total loan value of $2,750,000 were disbursed in four countries (Nepal, Nicaragua, Uganda and United Republic of Tanzania) and in Palestine in 2010. It was planned that funds leveraged through this seed funding would reach over $500 million and that this initial round of lending would support the creation and upgrading of over 30,000 affordable social housing units in five countries.

29. The seeding operations programme went through an independent external evaluation as it reached the end of a four-year experimental period. A report on the results of the evaluation was presented to the Governing Council at its twenty-third session, leading to a decision on the future of the seeding operations and of the general activities of UN-Habitat in the area of financial mechanisms for urban upgrading.

30. The report concluded that UN-Habitat had a comparative advantage in undertaking global advocacy, advising national Governments and local authorities, bringing key stakeholders together and working with community groups on an advisory and normative basis. It also concluded that, due to its mandate, UN-Habitat was not best positioned to continue as a mainstream direct lender. The report observed that donors had not provided further funding for lending activities to continue.

31. By its resolution 23/10 entitled "Future activities by the United Nations Human Settlements Programme in urban economy and financial mechanisms for urban upgrading, housing and basic services for the urban poor", the Governing Council authorized the Executive Director to examine opportunities to work with partner development finance institutions within the United Nations system. These partners would take the lead in future pilot or scaled-up lending, guarantee and financial advisory activities, while UN-Habitat would focus on normative and global advocacy work in those areas.

III. Progress in the implementation of substantive work

32. In its resolution 65/165, the General Assembly requested the Secretary-General to report on the following: (a) a midterm review of the medium-term strategic and institutional plan for the period 2008-2013, (b) affordable housing and slum upgrading, (c) guidelines on decentralization and strengthening of local authorities, (d) cities and climate change, and (e) post-disaster and post-conflict reconstruction. These issues are highlighted in paragraphs 5, 3, 6 and 7 of the resolution, respectively.

A. Midterm review of the medium-term strategic and institutional plan for the period 2008-2013

33. In its resolution 21/2 of 20 April 2007 and again in paragraph 8 of its resolution 22/7 of 3 April 2009, the Governing Council requested the Executive Director, in consultation with the Committee of Permanent Representatives, to conduct a midterm review of the medium-term strategic and institutional plan for the period 2008 to 2013 and to present the results of that review to the Governing Council at its twenty-third session.

34. In addition, in paragraph 18 of resolution 21/2, the Governing Council requested the Executive Director to establish an annual peer review process, in close collaboration with the Habitat Agenda partners, on the implementation of the plan. In 2008, the Committee of Permanent Representatives endorsed the proposal by the secretariat that the peer review should be conducted at the end of 2009 to enable assessment not only of the "quick wins" of the kick-start phase of the plan, but also

of the degree of preparedness of UN-Habitat to achieve the objectives of the plan. Consequently, the peer review, which was completed in August 2010, covered the same period as that anticipated for the midterm review.

35. The peer review provided a comprehensive assessment of the progress made in improving UN-Habitat programmes and its organizational structure and procedures, as called for in the plan. It was agreed by the Committee and the secretariat that the midterm review should draw from the comprehensive peer review, which covered the same period and scope as that anticipated for the midterm review. On that basis, UN-Habitat prepared a report on the midterm review of the plan, which was considered by the Governing Council at its twenty-third session.

36. The following were among the most significant recommendations highlighted in the report:

(a) That the Executive Director should consider a new organizational structure, with the aim of achieving better alignment with the focus areas of the medium-term strategic and institutional plan for the period 2008-2013;

(b) That UN-Habitat should seek to establish a unified planning and reporting system for decision-making, resource mobilization and reporting to all donors and avoid expensive overlapping systems;

(c) That the Committee of Permanent Representatives, and in particular donor countries, should review their own demands for reporting by UN-Habitat to reduce costs and duplication and strengthen the coherence and quality of reporting;

(d) That strategic planning, performance monitoring and reporting should be coordinated by a central strategic management unit at the highest level of the Programme;

(e) That an independent evaluation function should be established;

(f) That UN-Habitat should undertake a comprehensive independent assessment of its country-level programmes and projects to document what has been achieved to date and learn lessons from experiences in implementation, and also put in place mechanisms for systematic tracking of country-level operational activities;

(g) That the Committee of Permanent Representatives should, as a matter of priority, continue to address the issue of reform of the UN-Habitat governance structure.

B. Adequate shelter and slum upgrading

37. The General Assembly, in paragraph 3 of its resolution 65/165, encouraged UN-Habitat to continue providing the technical assistance necessary for reducing slum populations and improving the lives of slum-dwellers. During the reporting period, UN-Habitat supported 33 countries (17 in Africa and the Arab States, 10 in Asia and the Pacific, 1 in Eastern Europe and 5 in Latin America and the Caribbean) in implementing slum upgrading and slum prevention policies.

38. In the Occupied Palestinian Territory, UN-Habitat took part in the revision of the guidelines for the reconstruction and rehabilitation of war-affected housing in the Gaza Strip through the Reconstruction Working Group, which brings together all actors in the housing sector. In addition, UN-Habitat provided technical inputs into

the negotiations with Israel to facilitate the flow of building materials to local markets in the Gaza Strip to support self-help housing initiatives.

39. In Sri Lanka, UN-Habitat supported a project entitled "Shelter support to conflict-affected people through housing" and promoted field-tested tools and methods for resettlement in order to reduce forced eviction. UN-Habitat also helped internally displaced families rebuild damaged houses as part of a scheme whereby they could later obtain ownership of the houses. In Nepal, UN-Habitat, in partnership with the Centre for Integrated Urban Development, prepared the Nepal urban housing sector profile study report. In the Philippines, workshops aimed at establishing national baselines and targets for improving the lives of slum-dwellers were held in December 2010 and May 2011.

40. In Bangladesh, implementation of the Urban Partnerships for Poverty Reduction project, one of the largest urban poverty reduction initiatives in the world, continued, with a total budget of $120 million. Its objective is to improve the livelihoods and living conditions of three million urban poor and extremely poor people, especially women and girls. UN-Habitat has the responsibility of helping communities prepare and manage community contracts to implement various activities aimed at upgrading settlements. As part of another project, settlement and vacant land mapping was completed in 13 cities and towns in Bangladesh. The mapping provides the basis for targeting the most vulnerable settlements in cities and towns and for the preparation of city- and town-wide poverty reduction strategies.

41. In Ghana and the Gambia, UN-Habitat supported the launch and completion of urban and housing sector profiles. Also in the Gambia, phase I of the Participatory Slum Upgrading Project was completed. In Colombia and Costa Rica, slum upgrading and prevention policies and strategies were tested.

C. Guidelines on decentralization and strengthening of local authorities

42. The General Assembly, in paragraph 6 of its resolution 65/165, expressed its support for the dissemination and implementation of the guidelines on decentralization and strengthening of local authorities and the guidelines on access to basic services for all, approved by the Governing Council of UN-Habitat in its resolutions 21/3 and 22/8 respectively.

43. The ultimate objective of the guidelines on decentralization is to promote the strengthening of local authorities and to advocate for their empowerment in the provision of basic services. This is based on recognition of the local dimension of basic services.

44. However, despite the fact that the process of development of both sets of guidelines was inclusive, participatory and based on the documentation of good practices, more work remains to be done to adapt them effectively to regional, national and local contexts, and to transform them into a useful tool to improve legislative, regulatory and operational frameworks.

45. UN-Habitat has therefore developed a comprehensive programme document highlighting three major components of its strategy for the integrated adaptation of both sets of guidelines to national and local situations:

(a) Policy development and advocacy at the regional and national levels;

(b) Training and capacity development at regional, national and local levels;

(c) Monitoring and reporting.

46. Against this background, efforts to mobilize partners have been intensified through a series of consultative dialogues in a number of countries, including Burkina Faso, Ecuador, El Salvador, Guatemala, Jamaica, Mexico and Viet Nam.

47. On 27 and 28 October 2010, UN-Habitat and the Government of France organized a meeting of the UN-Habitat partners to initiate the selection of pilot countries and pave the way for activities at the country level. Subsequently, UN-Habitat finalized a comprehensive handbook, at the request of the partners, whose aim is to guide the coordinated implementation of the guidelines in interested developing countries.

D. Cities and climate change

48. Pursuant to paragraph 7 of General Assembly resolution 65/165, and in line with focus areas 1, 2 and 3 of the medium-term strategic and institutional plan for the period 2008-2013, UN-Habitat has continued its existing cooperation on issues related to cities and climate change and has continued to play a complementary role in matters related to climate change within the United Nations system, in particular in addressing the vulnerability of cities to climate change.

49. At the global level, UN-Habitat has contributed to efforts to address climate change by putting the spotlight on cities. In April 2011, it published and launched the *Global Report on Human Settlements 2011: Cities and Climate Change*, the content of which is described in section V below.

50. UN-Habitat also engaged with a network of authors and researchers at a meeting in Kolkata, India, in March 2011, of the Expert Group on Human Settlements and Infrastructure of the Intergovernmental Panel on Climate Change, in preparation for the forthcoming fifth assessment report of the Panel. This report is expected to strongly influence the global debate and agreements on addressing climate change.

51. UN-Habitat also launched two advocacy and capacity-building tools: "Local leadership for climate action" and "Planning for climate change". These tools are for use by urban planners. Thus far, they have been used by facilitators to build the capacity of local officials and stakeholders in Kampala (February 2011).

52. Focusing on enhancing the implementation of climate adaptation and mitigation strategies for cities, UN-Habitat coordinated inputs from 10 United Nations agencies at a side event at the sixteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change in Cancun, Mexico, in December 2010, to identify approaches and tools used in the United Nations system to support cities 'to act on mitigation of and adaptation to climate change.

53. Partly in preparation for the United Nations Conference on Sustainable Development in 2012, and also as part of its emerging programmatic priority areas, UN-Habitat has prioritized key areas of urban action towards a green economy,

including compact urban expansion, renewable energy and green infrastructure, green technology innovations and planning and building regulations.

54. At the regional level, UN-Habitat supported the African Association of Planning Schools in developing a curriculum on climate change and African cities in planning education and contributed to African regional efforts to address climate change and disseminate lessons learnt to date by organizing a "promising practices workshop" for 13 countries on selected practices related to urban planning and climate change.

55. In addition, urban youth have become engaged in climate change topics and in East Africa their involvement is being mainstreamed in the UN-Habitat Cities and Climate Change Initiative. To date the Initiative has launched multi-day workshops on youth sensitization, dialogue and skills development, followed by demonstration projects in Mombasa (Kenya), Kampala and Kigali.

56. UN-Habitat carried out a number of activities at the country level during the reporting year. It supported capacity-building for urban leadership in mainstreaming climate issues into urban development in six countries: Afghanistan, Mongolia, the Philippines, Serbia, Turkey and Viet Nam.

57. The Philippines has mainstreamed climate change adaptation and mitigation issues into the national development planning process by integrating participatory vulnerability assessments into the two mandated local plans for all local government units. UN-Habitat signed an agreement with the Philippines Department of Interior and Local Government in February 2011 for national replication of the mainstreaming approach. In addition, Sorsogon City has passed local legislation to convert public buildings and streets to more energy-efficient lighting, and gradually upgrade the city's fleet of motorized tricycle taxis.

58. With respect to urban climate change mitigation and resilience, the city of Maputo is developing, with UN-Habitat support, a pilot project on the mangroves in the coastal zone of the city, which officials expect will yield benefits both in terms of mitigation and resilience to extreme weather events.

59. UN-Habitat is also working with the city of Kampala to mainstream climate change into its gender policy, while gender has been mainstreamed into the city and national climate change assessments.

60. Climate change concepts and knowledge have been integrated into the undergraduate urban planning programme at the University of Botswana. Twenty-four courses touch on climate change and one course, "Planning and management for climate change", is fully based on the course outline designed at a 2009 meeting hosted by UN-Habitat in cooperation with the Commonwealth Association of Planners and the Institute for Housing and Urban Development Studies of Erasmus University.

E. Post-disaster and post-conflict reconstruction

61. In paragraph 8 of resolution 65/165, the General Assembly recognized the importance of timely action by UN-Habitat in response to natural and human-made disasters, in particular through its work in addressing post-disaster and post-conflict

housing and infrastructure needs through effective urban planning, and as part of the continuum from emergency relief to recovery.

62. During the reporting period, UN-Habitat activities in the area of post-disaster and post-conflict reconstruction were implemented within the framework of the Executive Committee on Humanitarian Affairs and the Inter-Agency Standing Committee. UN-Habitat remained active within the Executive Committee. Within the Inter-Agency Standing Committee global cluster coordination system, UN-Habitat chairs the Sub-Working Group on Housing, Land and Property of the Global Protection Cluster Working Group and provides an urban focus on relief, recovery and reconstruction programmes through the shelter, early recovery and protection clusters.

63. At the international level, UN-Habitat, jointly with the Food and Agriculture Organization of the United Nations, worked through the Global Land Tool Network on the preparation of three guidelines to strengthen international capacity to deal with land issues after natural disasters and in post-conflict situations.

64. Within the context of the Inter-Agency Standing Committee task force on meeting humanitarian challenges in urban areas of the Inter-Agency Standing Committee, UN-Habitat entered into partnership with the World Food Programme (WFP) on assessing tools, methodologies and experiences in humanitarian response in urban areas and collaborated in assessing the strengths and weaknesses of key tools. UN-Habitat also provided inputs to a WFP review of tools for targeting food assistance and of practices in an urban emergency context.

65. At the regional level, UN-Habitat worked closely with the regional office for Asia of the United Nations International Strategy for Disaster Reduction on mainstreaming issues on urban risks, safer construction and safer settlements through the Asian Partnership on Disaster Reduction, a regional mechanism involving the relevant regional stakeholders in implementing the disaster risk reduction strategies outlined in the Hyogo Framework for Action 2005-2015: Building the Resilience of Nations and Communities to Disasters.

66. During the reporting period, a total of 11 crisis-prone and post-crisis countries were implementing policies that incorporate urban risk and vulnerability measures with the assistance of UN-Habitat. UN-Habitat continued to participate in shelter and early recovery coordination systems within humanitarian country teams through its operational portfolio. In this context, it provided country-level guidance, technical support and training to humanitarian coordinators and to humanitarian country teams in Haiti, Kyrgyzstan and Pakistan.

67. In addition, UN-Habitat also provided technical support to the International Federation of Red Cross and Red Crescent Societies with regard to its role as emergency shelter cluster coordinator in post-disaster operations. A series of country-specific agreements have been signed to ensure long-term shelter planning during emergencies and a smooth transition from crisis to recovery and reconstruction.

68. For the International Day for Disaster Reduction on 13 October 2010, UN-Habitat supported national launches of the world risk reduction campaign, "Making cities resilient", in Myanmar, Thailand and countries in the Pacific region.

69. Among the country-specific initiatives undertaken was a project in Antananarivo, on which UN-Habitat worked with the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA) and the Office for the Coordination of Humanitarian Affairs to mitigate conflict and disaster risks through community-based improvements in sanitation and solid waste management. In the Sudan, UN-Habitat established its presence in Darfur in the field of regional urban planning, land management and housing construction. In Haiti, UN-Habitat continued its participation in the implementation of an umbrella reconstruction programme of $30,000,000 jointly with the United Nations Environment Programme (UNEP), UNICEF and UNFPA.

IV. Financial and budgetary matters

70. In paragraphs 12 and 13 of resolution 65/165, the General Assembly called for continued support for UN-Habitat through increased voluntary contributions to the United Nations Habitat and Human Settlements Foundation, predictable multi-year funding and increased non-earmarked contributions to support the implementation of the medium-term strategic and institutional plan for the period 2008-2013.

A. Non-earmarked contributions and multi-year funding

71. The approved general purpose budget for UN-Habitat for the biennium 2010-2011 was $66.2 million, while income projection was $57 million ($28.5 million annually) from voluntary contributions and $1.2 million from interest and investment income. The balance of $8 million was to be met from the cumulative surplus of the United Nations Habitat and Human Settlements Foundation.

72. Unfortunately, the effects of the global financial crisis on UN-Habitat activities are, as with other United Nations agencies, far from over. A number of major donors have had to make some hard decisions with regard to their multilateral funding to United Nations agencies. For UN-Habitat, the result has been either complete cessation or substantial reduction in non-earmarked funding support to the organization. During the first year of the current biennium (2010), the voluntary income received from donors was $16.6 million, falling well short of the $28.5 million projection. As of 31 March 2011, $16.9 million had been received for non-earmarked funds, which is about 30 per cent of the target of $57 million for the biennium 2010-2011. The annual income projection for 2011 has therefore had to be revised accordingly, from $28.5 million to $17 million.

73. As a consequence, UN-Habitat has had to rigorously assess its programmatic activities in line with available resources and current prioritization. A cautious approach in filling posts that fall vacant has also had to be followed.

B. Earmarked contributions

74. For earmarked resources, which are used predominantly for the implementation of technical cooperation projects, $261 million was received during the first 15 months of the 2010-2011 biennium, which exceeds the biennium target of $252 million by 3.6 per cent.

75. UN-Habitat technical cooperation projects during the reporting period accounted for approximately 65 per cent of its total combined budget. While the agency still needs to increase efficiency by eliminating delays in the early stages of field project implementation, it has clearly done quite well with respect to its technical cooperation projects, and the countries that provided resources for UN-Habitat operational work, especially in post-crisis environments, were happy with what had been achieved. In particular, the work undertaken in Afghanistan, Haiti, Iraq, Pakistan, Somalia and the Sudan was much appreciated.

76. The major drawback of the imbalance between non-earmarked and earmarked funding is that the ability of UN-Habitat to focus on its approved core work programme activities is becoming increasingly constrained, hence the continuing need to tilt the balance towards non-earmarked income, as well as the need for improved predictability of income.

V. Other significant developments

A. Flagship reports

77. During the reporting period, UN-Habitat published the *Global Report on Human Settlements 2001*, two issues in its regional state of cities series, and one national state of cities report.

Global Report on Human Settlements 2011

78. The effects of urbanization and climate change are converging in dangerous ways that seriously threaten the world's environmental, economic and social stability. The UN-Habitat *Global Report on Human Settlements 2011 — Cities and Change*, published in April 2011, sought to improve knowledge among Governments and all those interested in urban development and climate change, of the contribution of cities to climate change, the impacts of climate change on cities, and how cities are mitigating and adapting to climate change. More importantly, the report identifies promising mitigation and adaptation measures that are supportive of more sustainable and resilient urban development paths.

79. In the report, it is argued that local action is indispensable for the realization of national climate change commitments agreed through international negotiations. However, most of the mechanisms within the international climate change framework are addressed primarily to national Governments and do not indicate a clear process in which local governments, stakeholders and actors may participate.

80. In proposing the way forward, following a review of climate change mitigation and adaptation measures taken by cities all over the world, the report suggests three main areas in which the international community can support and enable more effective urban mitigation and adaptation responses:

(a) Financial resources need to be made more directly available to local players — for example, for climate change adaptation in vulnerable cities, for investment in a portfolio of alternative energy options and in mitigation partnerships between local governments and local private sector organizations;

(b) Bureaucratic burdens on local access to international support should be eased, with the international community helping to create direct communication and accountability channels between local actors and international donors;

(c) Information on climate change science and options for mitigation and adaptation responses should be made more widely available by the Intergovernmental Panel on Climate Change, the United Nations and other international organizations, including knowledge available about observed and future climate impacts on urban centres, urban-based mitigation and adaptation alternatives, and the costs, benefits, potential and limits of these options.

The State of African Cities 2010

81. During the reporting period, UN-Habitat published *The State of African Cities Report 2010: Governance, Inequality and Urban Land Markets*. This second regional report on Africa was launched in Bamako in November 2010. The report warns that the urban population of the continent stands to increase threefold over the next 40 years, with most of that growth taking place in slums. It is projected that Africa's urban population will grow to 1 billion in 2040, and to 1.23 billion in 2050, by which time 60 per cent of all Africans will be living in cities.

82. To meet this daunting demographic challenge, the report calls for "a people-centred perspective" which highlights the need for more appropriate and realistic planning and regulations that are affordable for the urban poor and that facilitate, rather than restrict, sustainable urban livelihoods.

83. The report states that over the past decade or so, North Africa has achieved dramatic reductions in the proportion of urban dwellers living in slums. However, in sub-Saharan Africa, slum improvements have generally been unable to keep pace with the rapid urbanization of the population and the report warns that short of urgent action, a threefold increase in the urban population could spell disaster.

84. The report also notes that most countries in sub-Saharan Africa are unlikely to meet the Millennium Development Goals targets. As much as 70 per cent of Africa's urban population growth will take place in smaller cities with populations of less than half a million, which will increasingly need public investment to cater for this growth.

85. The report contains an in-depth analysis of land mechanisms in Africa's five major subregions and suggests the integration of informal into formal land systems and markets.

Asian cities reports

86. UN-Habitat launched two new publications on Asia during the global celebration of World Habitat Day in Shanghai in October 2010: *The State of Asian Cities 2010/2011* and *The State of China's Cities 2010/2011: Better City, Better Life*.

87. *The State of Asian Cities 2010/2011*, which was prepared in collaboration with the Economic and Social Commission for Asia and the Pacific, UNEP, and the Asia-Pacific regional section of the organization United Cities and Local Government, highlighted the fact that Asia's prominent role in the world economy is driven by the relentless dynamism of its cities. However, the report also warned that Asian cities must prepare for climate change and adjust basic infrastructure and education to

ongoing demographic growth if this success is to be sustained in the decades ahead. Although the population of the region will not become predominantly urban before 2026, Asian cities already epitomize the successful integration of the region into the international economy over the past two decades.

88. The report on China, published in cooperation with Chinese experts, found that by the end of 2009, there were 654 cities in China that were home to 621.86 million people. With the gradual increase of urbanization, the position and role of the urban economy are becoming more important in the economic development of the nation. Urbanization is already an important force in the industrialization of China, driving the creation of jobs, the expansion of domestic demand and social progress. At the end of 2009, the total number of employed people in China was 779.95 million, of whom 311.20 million worked in cities and towns.

B. Regional ministerial meetings

89. UN-Habitat continued to support regional ministerial conferences on housing and urban development in Africa, Asia and the Pacific and Latin America and the Caribbean. As high-level organs of policymakers responsible for steering and implementing the urban agenda, these ministerial regional conferences provide an effective partnership instrument for UN-Habitat for influencing policy, backstopping implementation and allowing for joint monitoring and evaluation.

90. The African Ministerial Conference on Housing and Urban Development was held in Bamako from 22 to 24 November 2010. The theme of the conference was "Land in the context of sustainable urbanization". With support from UN-Habitat, ministers from the participating States drafted an action plan and declaration to tackle land issues, with a view to eliminating slums in African cities.

91. In June 2010, the Asia-Pacific Ministerial Conference on Housing and Urban Development held its third session in Solo, Indonesia, at which ministers from 38 countries deliberated on the issue of empowering communities for sustainable urban development and adopted the Solo Declaration and Implementation Plan.

92. The Latin America and Caribbean Ministerial Conference on Housing and Urban Development was held in Buenos Aires in September 2010. Its Assembly urged member countries to complete the strategic matrix on risk reduction with respect to natural disasters and climate change, prepared by the Economic Commission for Latin America and the Caribbean, and to support the development of urban and building regulations in countries where there is no such legislation. Climate change was designated as one of the topics to be discussed at the next Assembly.

C. Organizational and programmatic reforms

93. During the reporting period, UN-Habitat embarked on the formulation of a new strategic direction to ensure greater focus and coherence in the substantive work of the organization and to promote excellence in programme delivery and organizational management. It builds on the recognized achievements of UN-Habitat, while addressing its identified shortcomings. It also recognizes the main urban challenges of today, which are: (a) increasing urban poverty, inequality

and unemployment; (b) excessive energy consumption in cities, especially in developed countries; (c) rapidly increasing demand for urban mobility; and (d) increasing frequency of natural disasters and their increasing impact on cities.

94. Today, more than 50 per cent of the world's population is urban and the process of urbanization is continuing at a rapid rate, mostly in Africa and Asia. In many developing countries, especially in Africa where the rate of urbanization is highest, the most serious challenge is how to deal with increasing urban poverty and unemployment, because rapid urbanization has not been accompanied by rapid industrialization. However, in Asia and Latin America, countries such as China, India and Brazil are industrializing fast, and the challenge is how to manage this process, which is largely driven by urbanization.

95. The historical correlation between urbanization and energy consumption is well established. The economic growth of developed countries and their high energy consumption patterns were fuelled by low energy prices. However, current growth within developing countries is taking place in the context of high energy prices. These contrasting patterns call for profound energy consumption changes in developed countries and well thought out anticipation and advance planning in developing countries. On one hand, cities in developed countries cannot sustain their present levels of energy consumption. On the other hand, cities in developing country can take advantage of new renewable energy technologies not available to developed countries during their period of industrialization.

96. Inadequate urban planning during the last 30 years or so has resulted in serious mobility problems in many cities all over the world, but especially in the rapidly expanding metropolises of developing countries. Here, traffic congestion is an everyday reality that limits the ability of cities to generate value, create jobs and help their populations to prosper. In developed countries, a process of slow decentralization of the urban population through urban sprawl is taking place, leading to excessive energy consumption, greenhouse gas emissions and climate change.

97. In view of these evolving patterns, there is a need to reconsider current views of urbanization — to rethink the future of cities. A new strategy based on more effective urban planning, strengthened local institutions and legislative processes, and enhanced economic contributions from cities is needed. In all these areas, it is necessary to go back to the basics, to reduce the distance between political leaders and citizens and to provide solutions that are based on a perception of the city as an asset rather than as a problem.

98. It has therefore been decided that the substantive work of UN-Habitat will focus on three key areas: (a) new urban planning, with an emphasis on planning in advance of migration and population growth and planning at the scale of the challenges and in phases, starting with public spaces, especially the street; (b) urban governance and legislation; and (c) urban economy and finance, including the creation of decent jobs in urban areas.

99. UN-Habitat has, to some extent, already been working on these topics. What is new is the orientation and emphasis that will be placed on them. These priorities are fully in line with the UN-Habitat mandate, but also reflect significant global trends. To a certain extent they are reflected in the programme budget for the 2012-2013

biennium, but will be more fully reflected in the strategic plan for 2014-2019 and future biennial strategic frameworks and programme budgets.

100. In light of these new priorities, diminishing financial resources and the existing management challenges, UN-Habitat has initiated an organizational review process, which will result in a restructuring of the agency by the end of 2011. The objective of this exercise is to review and seek rationalization of the organizational structure of UN-Habitat for more effective and efficient delivery of its mandate at the country, regional and global levels.

VI. Conclusions and recommendations

101. **Since the second United Nations Conference on Human Settlements (Habitat II) in 1996, there have been a number of significant changes in the human settlements sector. These include the increasing demographic and global economic dominance of cities, now home to more than half of humanity; the rapid spatial expansion of urban settlements into mega-cities and large metropolitan regions; the emergence, globally, of new issues such as globalization, sustainable urban development, climate change, urban safety and security and increasing urban poverty; the changing roles of the public, private and non-governmental sectors in urban development, including the shift from enabling and deregulation policies towards a renewed emphasis on public policy, management and urban planning; and the increased frequency and intensity of natural disasters and conflicts and their impact on the urban population.**

102. **In light of these new trends, and based on the recommendations made by the UN-Habitat Governing Council, it is important that Governments review the effectiveness of past policies set forth in the 1996 Habitat Agenda, put in place a new agenda capable of responding to the new and predominantly urban challenges and find ways of strengthening the existing institutional framework for human settlements development. It is time for the General Assembly to make a decision supporting the convening of a third United Nations conference on housing and sustainable urban development (Habitat III) in 2016.**

103. **With more than 50 per cent of the world's population now living in cities and towns, and in light of the contribution of urban centres to global warming and of the significant impacts of climate change on urban settlements, it is clear that policies adopted and actions implemented at the city level will have an increasing influence on the attainment of sustainable development. It is therefore recommended that Governments include sustainable urban development and the role of cities and local authorities in the outcome of the United Nations Conference on Sustainable Development in 2012.**

104. **While the Millennium Development Goals target on slums has been achieved well in advance of the target date of 2020, 828 million people, globally, are still living in slums and the world's slum population is increasing at an estimated annual rate of close to 60 million. Strong support by the General Assembly for UN-Habitat Governing Council resolution 23/9 on global and national strategies and frameworks for improving the lives of slum-dwellers beyond the Millennium Development Goals target is therefore recommended.**